ACADIA-ATLANTIC SUGAR REFINERIES LIMITED

Annual Report

1958

DIRECTORS and

OFFICERS

DIRECTORS

RALPH P. BELL, O.B.E., D.C.L., Halifax
R. O. BULL, Sidney, B.C.
HON. ONÉSIME GAGNON P.C., Q.C., Quebec City
J. A. GAIRDNER, Toronto
J. S. GAIRDNER, Toronto
HON. SALTER A. HAYDEN, Q.C., LL.D., Toronto
A. B. HILL, Toronto
VICTOR L. JOHNSON, New York, N.Y.
HON. D. L. MACLAREN, P.C., Saint John
R. A. ROBERTSON, Toronto
E. P. TAYLOR, C.M.G., Toronto

OFFICERS

J. A. GAIRDNER, *Chairman of the Board*
A. B. HILL, *President*
HON. SALTER A. HAYDEN, Q.C., *Vice-President*
W. J. R. PATON, *Executive Vice-President and General Manager*
A. P. BEAULIEU, F.C.I.S., *Secretary-Treasurer and Comptroller*
M. R. HALIBURTON, *Assistant Treasurer*

C. G. CLARK, *Refinery Manager, Saint John*
W. A. THOMPSON, *General Sales Manager, Montreal*

OFFICES

Executive Office:
485 McGill St., Montreal

Sales Offices:
Saint John, N.B., Halifax
Montreal and Toronto

PLANTS

Saint John, N.B. and
Woodside, Dartmouth, N.S.

Annual Report 1958

ACADIA-ATLANTIC SUGAR REFINERIES LIMITED and its wholly owned subsidiaries,
ATLANTIC SUGAR REFINERIES LIMITED AND ATLANTIC-ACADIA SUGAR SALES COMPANY LIMITED

FINANCIAL HIGHLIGHTS

	1958	1957
Operating Profit	3,600,730	3,917,414
Federal and Provincial Income Taxes	1,424,000	1,730,248
Net Profit	1,404,498	1,513,815
Current Assets	10,600,448	10,896,238
Current Liabilities	1,585,803	2,744,960
Ratio of Current Assets to Current Liabilities	6.7 to 1	4. 0 to 1
Net Working Capital	9,014,645	8,151,278
Capital Expenditures—Land, Plants and Equipment	823,128	2,101,820
Total Surplus	15,456,375	14,252,725
Funded Debt	6,177,000	6,400,000
Total Dividends Paid	810,000	810,000
Retained Earnings	594,498	703,815
Profit Per Common Share	1.49	1.67

Lantic Sugar

THE PRESIDENT'S LETTER

To the Shareholders:

Your Board of Directors submit the Annual Report of the Company, together with Consolidated Financial Statements for the year 1958, with comparative figures for the previous year.

Sales and Earnings:

The Company's total sales volume in 1958 was only slightly less than in 1957. Total sales of Canadian refined sugar continued to be affected by importation of foreign refined sugars in the first half of the year. Intense competition continued in the Canadian market.

Earnings from operations were adversely affected by a policy of purchasing non-preferential raw sugars but benefited from operating economies obtained from recent plant improvements. Total earnings were down from the previous year when the 1957 profits reflected a non-recurring trading profit in raw sugar.

The total net profit after all provisions for the year amounted to $1,404,498 as compared to net profit of $1,513,815 for the year 1957. At the end of 1957, the tax-paid inventory reserve amounted to $425,000. During 1958, a further tax-paid appropriation of $175,000 was added to this reserve which has now been designated as a contingency reserve and shown on both the statement of Income and Expenditure and the Balance Sheet. Previous appropriations to this reserve had been deducted from tax-paid operating profits before determining net income.

During the year $150,000 of Serial Bonds and $73,000 of Sinking Fund Bonds were redeemed and cancelled.

Investments:

Investments in marketable securities having a market value of $6,201,000 were carried at a book value of $6,045,421 as at December 31, 1958. During the year, a profit of $154,048 was realized on the sale of investments. This was added to investment reserve which now stands at $334,369. Income from investments totalled $243,661.

Plant and Equipment:

During the year a modern distribution centre was completed on the Company's property in Metropolitan Toronto. This is the first unit planned at this location. It provides complete warehousing facilities for packaged goods and a mechanized storage and shipping plant for refined bulk sugars. The Ontario Division sales offices are located at this new site.

The Planning Committee of the Board of Directors is actively engaged on a studied program of future new construction and further renovation of existing facilities. Emphasis is being placed on the improvement of the Company's competitive position and increased profitability in the future.

The program of plant improvements at the Saint John, N.B. refinery continued during the year and is under constant review. Substantial economies have resulted from the capital program completed to date.

The Industry:

The volatility of the world raw sugar markets has been demonstrated through the years with 1958 no exception although somewhat more stable than 1957. Opening the year at 3.85 per 100 lbs. down to 3.35 in March — back to 3.85 in July and ranging from 3.35 to a year-end close at 3.67 indicated the general market fluctuations. With the fall of the Batista regime in Cuba on New Year's Day, the markets fell sharply and have continued to decline to levels below the $3.25 per 100 lbs. floor set by the International Sugar Agreement.

For some years our Company has suffered through an inequity imposed on it by the arbitrary sales policies of certain Commonwealth raw sugar interests with respect to delivery conditions. In view of this, our Company adopted a policy of buying its 1958 raws from non-preferential sources, including Cuba. The British West Indies and other Commonwealth areas continue to enjoy an abnormally high Canadian tariff preference on raw sugar of 450% — most of which is taken advantage of in their basic prices which are much higher than world prices. Our policy of purchasing non-preferential sugars resulted in slightly higher duty paid costs. Despite Canada's high sugar preference on their principal product which is equal to an annual subsidy of over seven million dollars, our Country's export trade sales to the British West Indies continue to shrink and are far outbalanced by our imports from that area. On the other hand, Cuba and most other non-preferential sugar countries are important customers of Canada. Our 1958 sugar purchases from them resulted in an improvement in trade balance with those countries. At the year end, the sales conditions of the British West Indies Sugar Association were modified with respect to delivery of Canadian purchases.

Pyramiding rail freight rates generally coupled with the opening of the St. Lawrence Seaway with its low toll charges and the introduction by the railways of special competitive rates which benefit Quebec and Ontario shippers confront Maritime based industries with an inequitable shipping handicap to the major central Canadian markets. That the entire present and potential economy of the whole Atlantic region demands immediate relief from this impossible economic barrier is apparent to all Canadians.

Directors:

At the last Annual Meeting the Honourable Onésime Gagnon, P.C., Q.C., of Quebec City and Mr. Victor L. Johnson of New York were elected to the Board of Directors. Hon. Onésime Gagnon is Lieutenant-Governor of the Province of Quebec and has had a distinguished legal and public career. Mr. Johnson is Vice-President of The American Sugar Refining Company and is a leading authority in the United States sugar industry. Each of these men is a valued addition to our Board. Our Company has already benefited from their sound counsel.

Personnel:

Once again it is a pleasure to acknowledge the loyal and conscientious service of every member of our organization.

Submitted on behalf of the Board,

A. B. Hill

March 31, 1959. *President.*

ACADIA-ATLANTIC SUGAR REFINERIES LIMITED

AND ITS WHOLLY OWNED SUBSIDIARIES, ATLANTIC SUGAR REFINERIES LIMITED AND ATLANTIC-ACADIA SUGAR SALES COMPANY, LIMITED

CONSOLIDATED

as at 31st

ASSETS

	1958	1957
CURRENT ASSETS:		
Cash	$493,936	$584,081
Marketable investments — at cost less reserve (quoted market value $6,201,000)	6,045,421	4,762,485
Accounts receivable	1,467,939	1,570,477
Inventories — at lower of cost or market, (less reserve in 1957)	2,513,058	3,915,296
Prepaid expenses	80,094	63,899
	10,600,448	10,896,238
FIXED ASSETS:		
Land, buildings, wharves, plant and equipment, furniture and fixtures (see note 1)	$19,205,623	$18,717,319
Accumulated depreciation	3,286,894	2,915,873
	15,918,729	15,801,446
GOODWILL — at nominal value	1	1
	$26,519,178	$26,697,685

Approved on behalf of the Board:

A. B. Hill
Salter A. Hayden } Directors

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Acadia-Atlantic Sugar Refineries Limited and its subsidiary companies as at 31st December 1958 and the consolidated statements of income and expenditure and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The earned surplus includes the earned surplus of a subsidiary company at the date of its acquisition.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and expenditure and earned surplus when read in conjunction with the notes thereto present fairly the financial position of the companies as at 31st December 1958 and the results of their combined operations for the year ended on that date.

McDONALD, CURRIE & CO.
Chartered Accountants

March 11, 1959

BALANCE SHEET

ember 1958

LIABILITIES

		1958	1957
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		$654,439	$1,278,788
Federal and Provincial income taxes		766,364	1,301,172
Dividends on Class "A" shares, payable 2nd January		90,000	90,000
Dividends on common shares, payable 2nd January		75,000	75,000
		1,585,803	2,744,960
4% FIRST MORTGAGE AND COLLATERAL TRUST BONDS SERIES "A":			
Serial bonds, maturing 1959 to 1964		$900,000	$1,050,000
Sinking fund bonds, maturing 1974		5,277,000	5,350,000
		6,177,000	6,400,000
CAPITAL STOCK AND SURPLUS:			
Capital stock—			
Authorized—			
75,000 5% cumulative redeemable preference shares of $100 par value (redeemable at $105)	$7,500,000		
600,000 Class "A" $1.20 cumulative preference shares of no par value	—		
1,000,000 Common shares of no par value	—		
Issued and fully paid—			
30,000 5% preference shares		$3,000,000	$3,000,000
300,000 Class "A" shares		200,000	200,000
600,000 Common shares		100,000	100,000
		3,300,000	3,300,000
Contributed surplus		735,000	735,000
Surplus arising from appraisal of fixed assets (see note 2)		1,039,533	1,039,533
Reserve for contingencies (see note 3)		600,000	—
Earned surplus		13,081,842	12,478,192
		18,756,375	17,552,725
		$26,519,178	$26,697,685

NOTES TO FINANCIAL STATEMENTS

The fixed assets of the parent company were appraised by Canadian Appraisal Company Limited as at 7th October 1939, and those of a subsidiary company by Stone and Webster Engineering Corporation as at 30th September 1954; in both cases the then depreciated values exceeded the book values. The increase resulting from the 1954 appraisal was credited to capital surplus which latter has been eliminated in the consolidation of the statements.

Surplus arising from appraisal of fixed assets represents the increase on appraisal of fixed assets acquired in 1939, less proper deductions.

The inventory reserve of $425,000 as at 31st December 1957 (of which $350,000 was provided in 1957) has been transferred to reserve for contingencies, and the latter has been increased in 1958 by a further amount of $175,000 from profits after income taxes.

As well as the regular quarterly dividends reflected in the accounts in respect of 1958, the following were declared 3rd December 1958 in respect of the first quarter of 1959:

5% preference shares	— $1.25	$37,500	payable 16th March 1959
Class "A" shares	— $0.30	90,000	payable 1st April 1959
Common shares	— $0.15	90,000	payable 1st April 1959
		$217,500	

ACADIA-ATLANTIC SUGAR REFINERIES LIMITED

AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF

INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31st DECEMBER, 1958

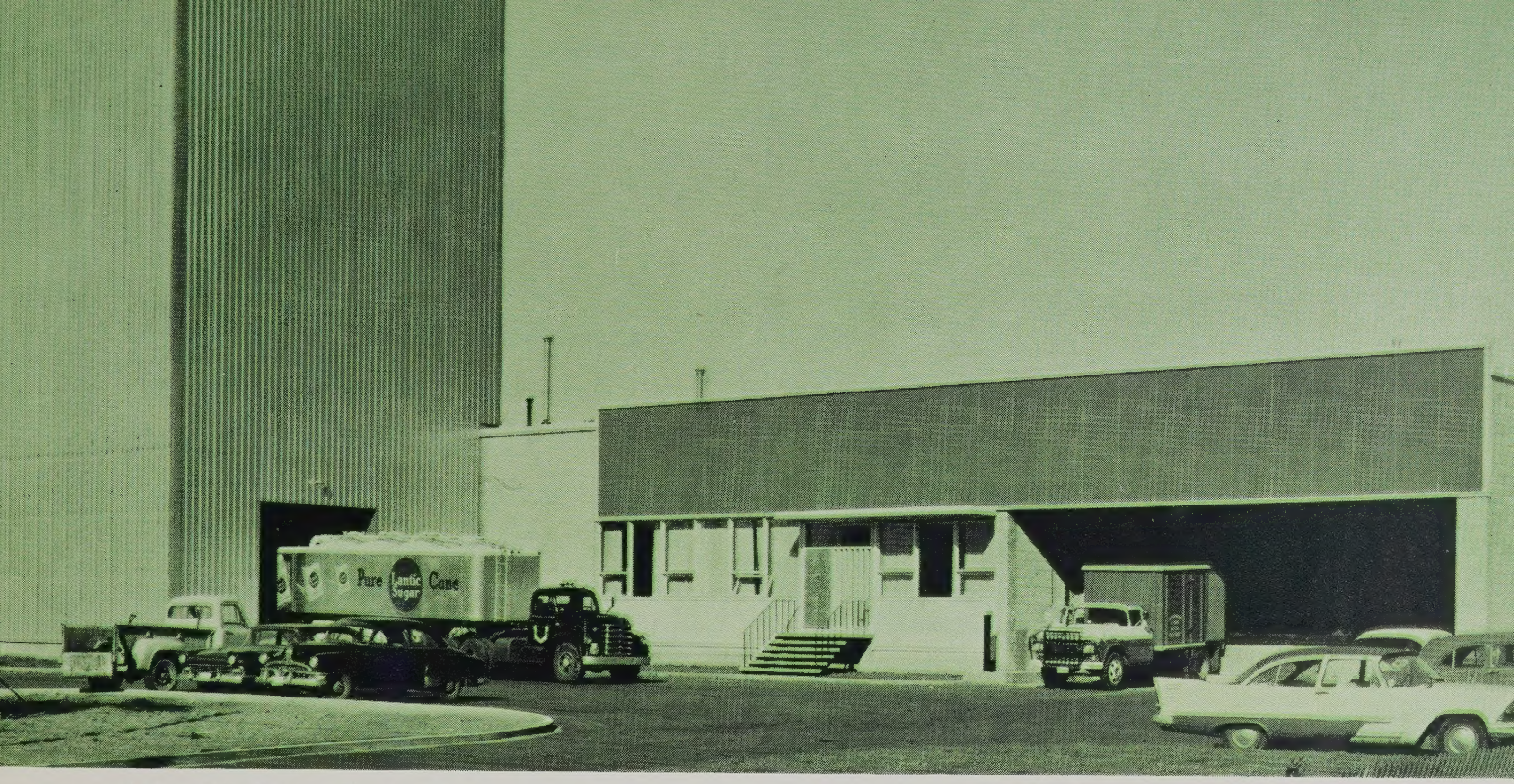
	1958	1957
Operating profit before the following items	$3,600,730	$3,917,414
Income from investments	243,661	213,248
Miscellaneous income	96,604	72,021
	3,940,995	4,202,683
Provision for depreciation	665,015	680,142
Bond interest	254,912	263,058
Remuneration of directors as such	17,570	15,420
	937,497	958,620
	3,003,498	3,244,063
Provision for taxes on income	1,424,000	1,730,248
Net profit for the year	1,579,498	1,513,815
Amount transferred to reserve for contingencies	175,000	—
Balance of net profit for the year	$1,404,498	$1,513,815

CONSOLIDATED STATEMENT OF

EARNED SURPLUS

FOR THE YEAR ENDED 31st DECEMBER, 1958

	1958	1957
Balance brought forward from preceding year	$12,478,192	$11,768,992
Realized capital gains less losses	9,152	5,385
Balance of net profit for the year	1,404,498	1,513,815
	13,891,842	13,288,192
Dividends (see note 4)		
5% preference shares	150,000	150,000
Class "A" shares	360,000	360,000
Common shares	300,000	300,000
	810,000	810,000
Balance at end of year	$13,081,842	$12,478,192



ront view of New Distribution Centre

LATEST ACCOMPLISHMENT IN COMPANY'S GROWTH PROGRAM

New Distribution Centre for Greater Toronto

The recent opening of a newly constructed distribution centre in New Toronto is the latest development in your company's planned expansion and improvement of production and distribution facilities. This latest improvement is designed to provide prompt service — on a most efficient basis — to customers of bulk and packaged sugar in the Greater Toronto area. Construction of this new distribution centre was undertaken as part of a program of expansion and improvement which has already seen the completion of such projects as the refined sugar warehouse at Saint John and other developments.

The New Toronto distribution centre contains two warehousing sections and offices. To the left of the picture at the top of this page can be seen the 85 foot high, aluminum-sheathed tower which houses the four bulk sugar storage silos, each with a capacity of 75 tons; and the bulk sugar conveying equipment. To the right of the same picture can be seen the sales offices, shipping and packaged sugar stor-

Filling a bulk sugar trailer

age areas; which can house 8 million pounds of sugar in boxes and bags.

Stock for both of the warehousing sections is received by rail from the Saint John refinery. Bulk sugar is delivered in the adjacent railway siding by the Company's special bulk sugar cars; packaged sugar arrives in standard freight cars.

The distribution centre has been carefully planned and laid out for the speediest possible movement of sugar to customers. The extensive open floor area of the packaged sugar warehouse is quickly serviced by fork trucks, which speed receiving, storage and shipping. Bulk sugar deliveries are made by a specially constructed truck-trailer which can unload quickly at customers' plants. This special trailer is shown prominently in our cover picture and also in the picture at the foot of this page.

Bulk Sugar Deliveries

One man alone can operate the mechanical system which loads the bulk sugar for instant delivery. Sugar is fed from any of the four silos by means of flexible white sanitary hoses into the special trailer which is positioned on a truck platform scale immediately below the four silos. This trailer has three compartments with a total capacity of 15 tons; it also carries a self controlled pressure pneumatic un-

Special Truck-trailer, carries up to 15 tons of bulk sugar

loading system, for fast and efficient delivery to customers' bulk storage bins. Less than 45 minutes is required for this trailer to convey its 30,000 pound load of bulk sugar to these bins. The three compartments in these special trailers make it possible to deliver three grades of sugar to customers at one trip.

Packaged Sugar Distribution

The packaged sugar in shipping cartons and the bagged sugar are unloaded from a railway siding which runs along one side of the building. It is then stored on pallets, which are moved and stacked by a fork truck to await distribution.

This 20,000 square feet of warehouse area is air-conditioned and designed to provide economic handling as well as prompt service for both the large and small user. Orders can be quickly assembled in the weather-protected shipping areas, located at the front of the building, for speedy delivery throughout the distribution area, either by company trucks or by customers' own conveyances.

This section of the new building also contains the district sales offices.

Stacking cases of sugar by fork truck


Bagged sugar being loaded into customers' trucks


General view of packaged sugar warehouse.


the Lantic Sugar family
1 lb
Pure Cane
Lantic Sugar
ICING
Pure Cane
Lantic Sugar
POWDERED
2 lbs.
Pure Cane
Lantic Sugar
Brilliant Yellow
1 lb
Pure Cane
Lantic Sugar
Brilliant Yellow
2 lbs.
Pure Cane
Lantic Sugar
CUBES
2 lbs.
Pure Cane
Lantic Sugar
Old Fashioned BROWN
Pure Cane
2 lbs.
Pure Cane
Lantic Sugar
The Seal of Purity
Granulated
10 lbs.
NET WEIGHT
Pure Cane
Lantic Sugar
The Seal of Purity
ranulated
5 lbs.
NET WEIGHT
Pure Cane
Lantic Sugar
The Seal of Purity
Granulated
ATLANTIC SUGAR REFINERIES LIMITED
MONTREAL, P. Q. — SAINT JOHN, N. B.